



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
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August 14, 2008

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, Room 1A
Washington, DC 20002

Subject: Docket CP08-13-000; EPA's NEPA Review of FERC FEIS for Floridian Natural Gas Storage Project; Indiantown, Martin County, Florida; CEQ# 20080273; ERP# FRC-E03018-FL

Dear Ms. Bose:

Pursuant to Section 102(2)(C) of the National Environmental Policy Act (NEPA) and Section 309 of the Clean Air Act, the U.S. Environmental Protection Agency (EPA) Region 4 has reviewed the Federal Energy Regulatory Commission's (FERC) Final Environmental Impact Statement (FEIS) for the Floridian Natural Gas Storage Project proposed for Martin County, Florida. As opposed to a Liquefied Natural Gas (LNG) terminal that would receive LNG from overseas for domestic distribution, the proposed project would store LNG from existing pipelines until needed. EPA previously provided comments on the Draft EIS (DEIS) in a letter dated May 5, 2008.

The proposed project would receive natural gas (feed gas) from the existing Gulfstream and FGT pipelines, liquefy it and store it as LNG for future use. When needed, the stored LNG would be vaporized by a closed circulating warming system and returned to the Gulfstream and FGT pipelines for distribution. In addition to emergencies and peak demand needs, there is also an overall increasing demand for natural gas (e.g., page 1-1 indicates that over 90% of the new power plants in Florida are powered by natural gas). The project would occur in two phases, with one full-containment LNG storage tank being completed per phase; however, the impacts of both phases would be covered in the present NEPA document with Phase II scheduled to be in service no later than 2016. In addition to the storage facility, the FERC applicant (Floridian Natural Gas Storage Company LLC: FGS) is requesting one metering station and various pipelines to receive from, sendout and interconnect with the existing Gulfstream and FGT pipelines. No compressor stations (and their attendant noise and air emissions) would be needed along the pipeline.

EPA has concentrated its review of the FEIS on FERC's responses to our comments on the DEIS (App. D). We generally find these to be responsive to our comments. In addition, we much appreciate that FERC changes to the DEIS are marked with a vertical bar in the margins of the FEIS text to facilitate public review. We offer the following comments on selected FERC responses.

*** FERC Response F1-5, F1-6 & F-27 (Noise)** – We generally agree, based on EPA literature, with the noise criterion (55 dBA) that FERC is using as a noise mitigation threshold. However, if a noise issue is detected during monitoring, we would prefer that adjustments be made by the Applicant earlier than the typical timeframes offered in FERC staff recommendations.

*** FERC Response F1-9 (Environmental Justice: EJ) – EJ** – We appreciate the additional EJ information in Section 4.8.6. We offer the following comments:

+ Demographics: In general, EPA appreciates the fact that various demographic levels were examined in the EJ analysis which provides a more thorough examination of the project area relative to various reference populations. However, the demographic information regarding racial characteristics in Table 4.8.5 is confusing because the numbers do not appear to add up. When the percentages of all racial groups are added together, they do not add up to 100%. For example, the State of Florida has 78% white which should mean that approximately 22% are African American, Native American/Alaskan Native, Asian/Pacific Islander, and Latino/Hispanic. However, when all the other races were added together excluding persons reporting some other race or two or more races, the number was 33.4 %. Similarly, the area near the proposed project area Indiantown CDP showed 45.6% white, 70.2% minority, and 26.8 % reporting some other race and 0.3 reporting two or more races. This information should be explained or verified in the FERC Record of Decision or equivalent (Final Order) and the sums of the relevant minority racial groups should also be calculated for each geographic unit in future FERC documents.

Regarding income levels, CCD populations living below poverty are somewhat higher than the County and State average (17% vs. 9 and 12%) and CDP populations have even higher population living below poverty compared to the County and the State (24% vs. 9 and 12%). Consequently, EPA would recommend further evaluation to determine whether the project would have disproportionately high and adverse environmental or human health effects on low-income populations in the surrounding area.

+ Impacts Assessment: Based on the demographic information, it appears as though the Indiantown CCD has a higher Native American and Pacific Islander population compared to both the State and County, and higher African American population than the County. EPA concurs with the FEIS that the Indiantown CDP has a meaningfully higher minority and low-income population than the general area. We note the assessments regarding employment opportunities and taxes. It is unclear how many jobs will be provided for local residents from Indiantown. This type of information should be included in future FERC NEPA documents. We support that local workers may be utilized for construction and that a welding training program at Indian River Community College will be sponsored. We assume that such programs could include any eligible minorities and low-income personnel, which would temporarily help offset any project impacts to such groups. The overall assessment of conclusions regarding the level of potential impacts should have also been discussed or have

addressed existing projects in the surrounding environment that cumulatively may result in additional impacts or burdens to the surrounding community (i.e., FPL Martin Power Plant and the Cogentrix Power Plant).

+ ***Public Involvement***: EPA notes and appreciates the information included in Sections 1.3 and 4.8.6.2 regarding the public review and comment process and public participation strategies. While this process satisfies basic NEPA requirements, additional efforts to target representatives from minority and/or low-income populations are often necessary to ensure that they are meaningfully involved in the process and have an opportunity to enhance the decision-making process. This is particularly important when there are meaningfully higher percentages of potential EJ populations within the proposed project area relative to the reference populations, or when concentrations (“pockets”) of potential EJ communities are identified. The FEIS appears to have identified “pockets” of higher concentrations of minority and or low-income populations near the proposed project location. We note the direct coordination with Native Americans (pg. 4-54); however, it is unclear if such coordination also occurred with community leaders and organizations of African American and Latino populations identified in the surrounding project area (Table 4.8-5).

In the future, FERC should consider additional public involvement strategies both conventional and non-conventional to ensure effective public involvement. For instance, around the Indiantown CDP where there appears to be an elevated Hispanic population, was project-related information also communicated in Spanish? EPA’s EJ guidance documents address some additional strategies that may be appropriate for minority and/or low-income outreach. These can be found at the following URLs:

<http://www.epa.gov/compliance/environmentaljustice/index> EPA website

<http://www.epa.gov/compliance/resources/policies/ej/> EPA National Policies/Tools

*** FERC Response F1-15 (Renewable Energy)** – The addition of the discussion on non-renewable and renewable alternative energy sources (as well as conservation) were appropriate for comparison against the proposed project. Overall, we believe that a diverse source of energy (natural gas and other clean non-renewables, nuclear, renewables and biofuels) in combination with conservation will reduce – albeit not eliminate – the need for emergency facilities such as the proposed LNG storage facility. It would also reduce the capacity of the emergency energy that would be needed.

*** FERC Response F1-17 (Noise)** – We appreciate the modification of section 4.11.2.2 (pg. 4-68). For clarity, any instantaneous 3 dBA increase (i.e., in any background noise level) is not detectable to the average human ear. However, when considering backgrounds measured in the DNL metric (an averaged day-night noise level that may also be further averaged (annualized), rather than an instantaneous reading) the significance increase levels determined by FICON are +1.5 DNL or greater for a 65 DNL or louder background, +3.0 DNL or greater for a 60-65 DNL background, and +5 DNL or greater for quieter backgrounds than 60 DNL. That is, noise increases at these levels or

greater measured in DNL are considered significant increases by the FICON federal agencies.

*** FERC Response F1-19 (Diesel Generators)** – If emergency generators using diesel (as opposed to other fuels) are typical and use of LNG is impractical, we recommend that the security of the stored diesel fuel (or alternate fuels) be a priority.

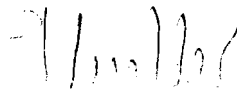
*** FERC Response F1-21 (Intake Screens)** – If not already the case, the referenced *FERC Procedures* should be coordinated with the U.S. Fish and Wildlife Service (FWS) and their state counterparts regarding the screen size of the surface water intakes to minimize entrainment of larvae and juveniles. The vertical (water column) and horizontal (stream reach) location of these intakes should also avoid any sensitive areas such as spawning grounds. For specifics, EPA will defer to the FWS and their state counterparts.

*** FERC Response F1-30 (EPA Oversight)** – Although this response indicates changes to the FEIS were made, Table 1.3-1 (pg. 1-4) does not reflect any modification of the DEIS regarding EPA's oversight authority of the State NPDES Program or our supervision of the Brownsfield Superfund site. If not in Table 1.3-1, it is unclear from the response where these modifications were to have been made (a reference was also not found in section 4.3.2).

*** FERC Response F1-33 (Site Access)** – We suggest that the referenced site access from two alternative locations across the railroad is not adequate for onsite emergencies requiring access and exit. Conceivably, both of these routes could be blocked during train passage or stalls. An interior exit independent of the railroad also needs to be in place before any prospective project construction or operation begins. EPA defers to the appropriate authorities regarding site safety and homeland security.

We appreciate the opportunity to review this FEIS. Should you have questions, feel free to coordinate with Chris Hoberg of my staff at 404/562-9619 or hoberg.chris@epa.gov.

Sincerely,



Heinz J. Mueller, Chief
NEPA Program Office
Office of Policy and Management

cc: FERC Gas Branch 3 – Washington, DC